

[Code of Federal Regulations]
[Title 18, Volume 1, Parts 1 to 399]
[Revised as of April 1, 2002]
From the U.S. Government Printing Office via GPO Access
[CITE: 18CFR]

[Page 361-370]

CHAPTER I--FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY

Income Accounts

400 Operating revenues.

There shall be shown under this caption the total amount included in the electric operating revenue accounts provided herein.

401 Operation expense.

There shall be shown under this caption the total amount included in the electric operation expense accounts provided herein. (See note to operating expense instruction 3.)

402 Maintenance expense.

There shall be shown under this caption the total amount included in the electric maintenance expense accounts provided herein.

403 Depreciation expense.

A. This account shall include the amount of depreciation expense for all classes of depreciable electric plant in service except such depreciation expense as is chargeable to clearing accounts or to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

[[Page 361]]

B. The utility shall keep such records of property and property retirements as will reflect the service life of property which has been retired and aid in estimating probable service life by mortality, turnover, or other appropriate methods; and also such records as will

reflect the percentage of salvage and costs of removal for property retired from each account, or subdivision thereof, for depreciable electric plant.

Note A: Depreciation expense applicable to property included in account 104, Electric Plant Leased to Others, shall be charged to account 413, Expenses of Electric Plant Leased to Others.

Note B: Depreciation expenses applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation.

Note C: Depreciation expense applicable to transportation equipment used for transportation of fuel from the point of acquisition to the unloading point shall be charged to Account 151, Fuel Stock.

404 Amortization of limited-term electric plant.

This account shall include amortization charges applicable to amounts included in the electric plant accounts for limited-term franchises, licenses, patent rights, limited-term interests in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility.

(See account 111, Accumulated Provision for Amortization of Electric Utility Plant.)

405 Amortization of other electric plant.

A. When authorized by the Commission, this account shall include charges for amortization of intangible or other electric utility plant which does not have a definite or terminable life and which is not subject to charges for depreciation expense.

B. This account shall be supported in such detail as to show the amortization applicable to each investment being amortized, together with the book cost of the investment and the period over which it is being written off.

406 Amortization of electric plant acquisition adjustments.

This account shall be debited or credited, as the case may be, with amounts includible in operating expenses, pursuant to approval or order of the Commission, for the purpose of providing for the extinguishment of the amount in account 114, Electric Plant Acquisition Adjustments.

407 Amortization of property losses, unrecovered plant and regulatory study costs.

This account shall be charged with amounts credited to account 182.1, Extraordinary Property Losses, and account 182.2, Unrecovered Plant and Regulatory Study Costs, when the Commission has authorized the amount in the latter account to be amortized by charges to electric operations.

407.3 Regulatory debits.

This account shall be debited, when appropriate, with the amounts credited to Account 254, Other Regulatory Liabilities, to record regulatory liabilities imposed on the utility by the ratemaking actions of regulatory agencies. This account shall also be debited, when appropriate, with the amounts credited to Account 182.3, Other Regulatory Assets, concurrent with the recovery of such amounts in rates.

407.4 Regulatory credits.

This account shall be credited, when appropriate, with the amounts debited to Account 182.3, Other Regulatory Assets, to establish regulatory assets. This account shall also be credited, when appropriate, with the amounts debited to Account 254, Other Regulatory Liabilities, concurrent with the return of such amounts to customers through rates.

408 [Reserved]

Special instructions, accounts 408.1 and 408.2

A. These accounts shall include the amounts of ad valorem, gross revenue or

gross receipts taxes, state unemployment insurance, franchise taxes, Federal excise taxes, social security taxes, and all other taxes assessed by Federal, state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

Note 1: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

Note 2: Taxes specifically applicable to construction shall be included in the cost of construction.

Note 3: Gasoline and other sales taxes shall be charged as far as practicable to the same account as the materials on which the tax is levied.

Note 4: Social security and other forms of so-called payroll taxes shall be distributed to utility departments and to nonutility functions on a basis related to payroll. Amounts applicable to construction shall be charged to the appropriate plant account.

Note 5: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or 431, Other Interest Expense, as appropriate.

408.1 Taxes other than income taxes, utility operating income.

This account shall include those taxes other than income taxes which

relate to utility operating income. This account shall be maintained so as to allow ready identification of the various classes of taxes relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

408.2 Taxes other than income taxes, other income and deductions.

This account shall include those taxes other than income taxes which relate to Other Income and Deductions.

409 [Reserved]

Special instructions, accounts 409.1, 409.2, and 409.3.

A. These accounts shall include the amounts of local, state and Federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236, Taxes Accrued, and as the exact amounts of taxes become known, the current tax accruals shall be adjusted by charges or credits to these accounts, so that these accounts as nearly as can be ascertained shall include the actual taxes payable by the utility.

B. The accruals for income taxes shall be apportioned among utility departments and to Other Income and Deductions so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or Other Income and Deductions, the income from which gave rise to the tax. The tax effects relating to Interest Charges shall be allocated between utility and nonutility operations. The basis for this allocation shall be the ratio of net investment in utility plant to net investment in nonutility plant.

Note 1: Taxes assumed by the utility on interest shall be charged to account 431, Other Interest Expense.

Note 2: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or account 431, Other Interest Expense, as appropriate.

409.1 Income taxes, utility operating income.

This account shall include the amount of those local, state and Federal income taxes which relate to utility operating income. This

account shall be maintained so as to allow ready identification of tax effects (both positive and negative) relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

[[Page 363]]

409.2 Income taxes, other income and deductions.

This account shall include the amount of those local, state and Federal income taxes (both positive and negative), which relate to Other Income and Deductions.

409.3 Income taxes, extraordinary items.

This account shall include the amount of those local, state and Federal income taxes (both positive and negative), which relate to Extraordinary Items.

410 [Reserved]

Special instructions, accounts 410.1, 410.2, 411.1, and 411.2.

A. Accounts 410.1 and 410.2 shall be debited, and Accumulated Deferred Income Taxes shall be credited, with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any credit amounts appropriately includible in account 411.1 or 411.2.

B. Accounts 411.1 and 411.2 shall be credited, and Accumulated Deferred Income Taxes shall be debited, with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any debit amounts appropriately includible in account 410.1 or 410.2.

410.1 Provision for deferred income taxes, utility operating income.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to Utility Operating

Income (by department).

410.2 Provision for deferred income taxes, other income and deductions.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to Other Income and Deductions.

411 [Reserved]

411.1 Provision for deferred income taxes--Credit, utility operating income.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Utility Operating Income (by department).

411.2 Provision for deferred income taxes--Credit, other income and deductions.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Other Income and Deductions.

411.3 [Reserved]

Special instructions--accounts 411.4 and 411.5

A. Account 411.4 shall be debited with the amounts of investment tax credits related to electric utility property that are credited to account 255, Accumulated Deferred Investment Tax Credits, by companies which do not apply the entire amount of the benefits of the investment credit as a reduction of the overall income tax expense in the year in which such credit is realized (see account 255).

B. Account 411.4 shall be credited with the amounts debited to account 255 for proportionate amounts of tax credit deferrals allocated over the average useful life of electric utility property to which the tax credits relate or such lesser period of time as may be adopted and consistently followed by the company.

C. Account 411.5 shall also be debited and credited as directed in paragraphs A and B, for investment tax credits related to nonutility property.

411.4 Investment tax credit adjustments, utility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Utility Operations (by department).

411.5 Investment tax credit adjustments, nonutility operations.

This account shall include the amount of those investment tax credit

[[Page 364]]

adjustments related to property used in Nonutility Operations.

411.6 Gains from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to gains from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Electric Plant Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to gains recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

411.7 Losses from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to losses from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Electric Plant Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to losses, recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

411.8 Gains from disposition of allowances.

This account shall be credited with the gain on the sale, exchange, or other disposition of allowances in accordance with paragraph (H) of General Instruction No. 21. Income taxes relating to gains recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

411.9 Losses from disposition of allowances.

This account shall be debited with the loss on the sale, exchange, or other disposition of allowances in accordance with paragraph (H) of General Instruction No. 21. Income taxes relating to losses recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

412 Revenues from electric plant leased to others.

413 Expenses of electric plant leased to others.

A. These accounts shall include respectively, revenues from electric property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 104, Electric Plant Leased to Others, and the expenses attributable to such property.

B. The detail of expenses shall be kept or supported so as to show separately the following:

- Operation.
- Maintenance.
- Depreciation.
- Amortization.

Note: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

414 Other utility operating income.

A. This account shall include the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in account 118, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, and insurance.

Note: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

415 Revenues from merchandising, jobbing and contract work.

416 Costs and expenses of merchandising, jobbing and contract work.

A. These accounts shall include respectively, all revenues derived from the sale of merchandise and jobbing or contract work, including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated

[[Page 365]]

profit or commission, and all expenses incurred in such activities. Interest related income from installment sales shall be recorded in Account 419, Interest and Dividend income.

B. Records in support of these accounts shall be so kept as to permit ready summarization of revenues, costs and expenses by such major items as are feasible.

Note 1: The classification of revenues, costs, and expenses of merchandising, jobbing, and contract work as nonoperating, and thus inclusion in this account, is for accounting purposes. It does not preclude consideration of justification to the contrary for ratemaking or other purposes.

Note 2: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

Account 415:

1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 416:

Labor--

1. Canvassing and demonstrating appliances in homes and other places for the purpose of selling appliances.
2. Demonstrating and selling activities in sales rooms.

3. Installing appliances on customer premises where such work is done only for purchasers of appliances from the utility.

4. Installing wiring, piping, or other property work, on a jobbing or contract basis.

5. Preparing advertising materials for appliance sales purposes.

6. Receiving and handling customer orders for merchandise or for jobbing services.

7. Cleaning and tidying sales rooms.

8. Maintaining display counters and other equipment used in merchandising.

9. Arranging merchandise in sales rooms and decorating display windows.

10. Reconditioning repossessed appliances.

11. Bookkeeping and other clerical work in connection with merchandise and jobbing activities.

12. Supervising merchandise and jobbing operations.

Materials and expenses--

13. Advertising in newspapers, periodicals, radio, television, etc.

14. Cost of merchandise sold and of materials used in jobbing work.

15. Stores expenses on merchandise and jobbing stocks.

16. Fees and expenses of advertising and commercial artists' agencies.

17. Printing booklets, dodgers, and other advertising data.

18. Premiums given as inducement to buy appliances.

19. Light, heat and power.

20. Depreciation on equipment used primarily for merchandise and jobbing operations.

21. Rent of sales rooms or of equipment.

22. Transportation expense in delivery and pick-up of appliances by utility's facilities or by others.

23. Stationery and office supplies and expenses.

24. Losses from uncollectible merchandise and jobbing accounts.

417 Revenues from nonutility operations.

417.1 Expenses of nonutility operations.

A. These accounts shall include revenues and expenses applicable to operations which are nonutility in character but nevertheless constitute a distinct operating activity of the enterprise as a whole, such as the operation of an ice department where applicable statutes do not define such operation as a utility, or the operation of a servicing organization for furnishing supervision, management, engineering, and

similar services to others.

B. The expenses shall include all elements of costs incurred in such operations, and the accounts shall be maintained so as to permit ready summarization as follows:

- Operation.
- Maintenance.
- Rents.
- Depreciation.
- Amortization.

Note: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418 Nonoperating rental income.

A. This account shall include all rent revenues and related expenses of land, buildings, or other property included in account 121, Nonutility Property, which is not used in operations covered by account 417 or 417.1.

[[Page 366]]

B. The expenses shall include all elements of costs incurred in the ownership and rental of property and the accounts shall be maintained so as to permit ready summarization as follows:

- Operation.
- Maintenance.
- Rents.
- Depreciation.
- Amortization.

Note: Related taxes shall be recorded in account 408.2. Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418.1 Equity in earnings of subsidiary companies (Major only).

This account shall include the utility's equity in the earnings or

losses of subsidiary companies for the year.

419 Interest and dividend income.

A. This account shall include interest revenues on securities, loans, notes, advances, special deposits, tax refunds and all other interest-bearing assets, and dividends on stocks of other companies, whether the securities on which the interest and dividends are received are carried as investments or included in sinking or other special fund accounts.

B. This account may include the pro rata amount necessary to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the face value of interest-bearing securities. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried.

C. Where significant in amount, expenses, excluding operating taxes and income taxes, applicable to security investments and to interest and dividend revenues thereon shall be charged hereto.

Note 1: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

Note 2: Interest accrued, the payment of which is not reasonably assured, dividends receivable which have not been declared or guaranteed, and interest or dividends upon reacquired securities issued or assumed by the utility shall not be credited to this account.

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 3(17).

420 Investment tax credits.

This account shall be credited as follows with investment tax credit amounts not passed on to customers:

A. By amounts equal to debits to accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, and 411.5, Investment Tax Credit

Adjustments, Nonutility Operations, for investment tax credits used in calculating income taxes for the year when the company's accounting provides for nondeferral of all or a portion of such credits; and,

B. By amounts equal to debits to account 255, Accumulated deferred investment tax credits, for proportionate amounts of tax credit deferrals allocated over the average useful life of the property to which the tax credits relate, or such lesser period of time as may be adopted and consistently used by the company.

421 Miscellaneous nonoperating income.

This account shall include all revenue and expense items except taxes properly includible in the income account and not provided for elsewhere. Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

1. Profit on sale of timber. (See electric plant instruction 7C.)
2. Profits from operations of others realized by the utility under contracts.
3. Gains on disposition of investments. Also, gains on reacquisition and resale or retirement of utilities debt securities when the gain is not amortized and used by a jurisdictional regulatory agency to reduce embedded

[[Page 367]]

debt cost in establishing rates. See General Instruction 17.

421.1 Gain on disposition of property.

This account shall be credited with the gain on the sale, conveyance, exchange, or transfer of utility or other property to another. Amounts relating to gains on land and land rights held for future use recorded in account 105, Electric Plant Held for Future Use will be accounted for as prescribed in paragraphs B, C, and D thereof. (See electric plant instructions 5F, 7E, and 10E.) Income taxes on gains recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

421.2 Loss on disposition of property.

This account shall be charged with the loss on the sale, conveyance, exchange or transfer of utility or other property to another. Amounts relating to losses on land and land rights held for future use recorded in account 105, Electric Plant Held for Future Use will be accounted for as prescribed in paragraphs B, C, and D thereof. (See electric plant instructions 5F, 7E, and 10E.) The reduction in income taxes relating to losses recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

425 Miscellaneous amortization.

This account shall include amortization charges not includible in other accounts which are properly deductible in determining the income of the utility before interest charges. Charges includible herein, if significant in amount, must be in accordance with an orderly and systematic amortization program.

ITEMS

1. Amortization of utility plant acquisition adjustments, or of intangibles included in utility plant in service when not authorized to be included in utility operating expenses by the Commission.
2. Other miscellaneous amortization charges allowed to be included in this account by the Commission.

426 [Reserved]

Special instructions--accounts 426.1, 426.2, 426.3, 426.4 and 426.5

These accounts shall include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges.

Note: The classification of expenses as nonoperating and their inclusion in these accounts is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

426.1 Donations.

This account shall include all payments or donations for charitable, social or community welfare purposes.

426.2 Life insurance.

This account shall include all payments for life insurance of officers and employees where company is beneficiary (net premiums less increase in cash surrender value of policies).

426.3 Penalties.

This account shall include payments by the company for penalties or fines for violation of any regulatory statutes by the company or its officials.

426.4 Expenditures for certain civic, political and related activities.

This account shall include expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials, but shall not include such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations.

[[Page 368]]

426.5 Other deductions.

This account shall include other miscellaneous expenses which are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

ITEMS

1. Loss relating to investments in securities written-off or written-down.
2. Loss on sale of investments.
3. Loss on reacquisition, resale or retirement of utility's debt

securities, when the loss is not amortized and used by a jurisdictional regulatory agency to increase embedded debt cost in establishing rates. See General Instruction 17.

4. Preliminary survey and investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account.

5. Costs of preliminary abandonment costs recorded in accounts 182.1, Extraordinary Property Losses, and 182.2, Unrecovered Plant and Regulatory Study Costs, not allowed to be amortized to account 407, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs.

427 Interest on long-term debt.

A. This account shall include the amount of interest on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 221, Bonds, or account 224, Other Long-Term Debt.

B. This account shall be so kept or supported as to show the interest accruals on each class and series of long-term debt.

Note: This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

428 Amortization of debt discount and expense.

A. This account shall include the amortization of unamortized debt discount and expense on outstanding long-term debt. Amounts charged to this account shall be credited concurrently to accounts 181, Unamortized Debt Expense, and 226, Unamortized Discount on Long-Term Debt--Debit.

B. This account shall be so kept or supported as to show the debt discount and expense on each class and series of long-term debt.

428.1 Amortization of loss on reacquired debt.

A. This account shall include the amortization of the losses on reacquisition of debt. Amounts charged to this account shall be credited concurrently to account 189, Unamortized Loss on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the loss amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

429 Amortization of premium on debt--Cr.

A. This account shall include the amortization of unamortized net premium on outstanding long-term debt. Amounts credited to this account shall be charged concurrently to account 225, Unamortized Premium on Long-Term Debt.

B. This account shall be so kept or supported as to show the premium on each class and series of long-term debt.

429.1 Amortization of gain on reacquired debt--Credit.

A. This account shall include the amortization of the gains realized from reacquisition of debt. Amounts credited to this account shall be charged concurrently to account 257, Unamortized Gain on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the gains amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

430 Interest on debt to associated companies.

A. This account shall include the interest accrued on amounts included in account 223, Advances from Associated Companies, and on all other obligations to associated companies.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances or other obligations on which the interest is accrued.

[[Page 369]]

431 Other interest expense.

This account shall include all interest charges not provided for elsewhere.

ITEMS

1. Interest on notes payable on demand or maturing one year or less from date and on open accounts, except notes and accounts with associated companies.

2. Interest on customers' deposits.

3. Interest on claims and judgments, tax assessments, and assessments for public improvements past due.

4. Income and other taxes levied upon bondholders of utility and

assumed by it.

432 Allowance for borrowed funds used during construction--Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 3(17).

434 Extraordinary income.

This account shall be credited with gains of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

435 Extraordinary deductions.

This account shall be debited with losses of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)